



Navarro County Seal

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November 4, 2022

The Policies and Procedures on the Procurements for the County of Navarro ("County") pursuant to Local Government Code Chapter 252.000 and Chapter 262.000 and the Texas Government Code Chapter 2155.000 as may be amended from time to time.

And

Upon presentation of these Policies and Procedures on the Procurement, they are passed and approved by the County of Navarro through the County Commissioners Court on November 4, 2022.

H. M. Davenport, Jr.
Navarro County Judge

**NAVARRO COUNTY, TEXAS
POLICIES AND PROCEDURES MANUAL**

PURCHASING

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NAVARRO COUNTY, TEXAS POLICY AND PROCEDURES MANUAL

I. PURPOSE

The purchasing policies for Navarro County have four (4) objectives:

1. To obtain goods and services as economically as possible.
2. To obtain the goods and services that are best suited to the particular needs of County departments.
3. To ensure the timely delivery of goods and services to avoid interruption of governmental operations.
4. To ensure that the purchasing procedures conform to State law, county policies, financial plans and payment ability.

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II. APPLICATION

These policies and procedures will apply to all County departments and State agencies where the County is fiscally responsible.

NAVARRO COUNTY, TEXAS POLICY AND PROCEDURES MANUAL

III. DEFINITIONS

BLANKET PURCHASE ORDER - a simplified method of filling anticipated repetitive needs for supplies or services to be paid for on a monthly basis.

BUDGET AUTHORITY - exists when there is a line item with a positive budget balance in the County Budget from which the goods or services may be purchased.

COMMODITY – a product, as distinguished from a service.

EMERGENCY PURCHASE - a purchase necessary only to keep buildings and machinery in operating conditions when their idleness would result in expense to the County or for extreme emergency cases involving public health and welfare.

FIXED ASSET – any asset held and/or owned by the County that is classified in one of the following categories:

1. **Operating Asset** – any asset valued at less than \$2,500 with a useful life greater than one year;
2. **Controlled Property Asset** – any asset valued between \$2,500 and \$4,999.99 with a useful life greater than one year;
3. **Information System Asset** – computer equipment valued from \$500 to \$4,999.99 with a useful life greater than one year;
4. **Capital Asset** – any asset valued at \$5,000 or more with a useful life greater than one year.

FORMAL BID - bids for purchases made according to Chapter 262 of the *Local Government Code* requiring consideration by the Commissioners Court, advertisement for bid and formal specifications.

INFORMAL BID - manner of securing the cost of goods or services from vendors without the use of formal advertisement or specifications.

INVOICE - itemized statement of merchandise or services provided, which is used as a guide in settling any financial obligations incurred.

LINE ITEM - the budget category for a specified class of goods or services, such as Office Supplies or Professional Services.

PURCHASE - the total of all items being purchased at one time.

PURCHASE ORDER - a department's authorization to order and a seller's authorization to ship and invoice the goods or services specified.

REQUISITION - a written request used to inform the Auditor's Office of the needs of the requesting department and to correctly identify the goods being requested.

USER - the County officer, department head or employee that requires goods or services.

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IV. PURCHASING POLICIES

In order to obtain the best price in the most efficient manner, purchases will be divided into the following five (5) classes:

1. Less than \$10,000 – requires advance approval only.
2. \$10,000 – \$24,999 – requires quotation(s) from vendors and advance approval.
3. \$25,000 – \$49,999 – requires Commissioner’s Court approval.
4. Over \$50,000 – requires formal sealed, competitive bids as specified by Chapter 262 of *The Texas Local Government Code*.
5. Purchases made through cooperative purchasing agreements.

The County will contract annually for supplies and materials for which we spend more the \$50,000 per year. Each office will receive a list of current contracts at the beginning of each fiscal year.

Purchases of supplies and materials for which the County has taken formal bids and has a current contract with a supplier or those purchases made through cooperative purchasing agreements are not governed by these policies and procedures except that a purchase order must be issued prior to the purchase being made.

Purchases made on behalf of the County are subject to the following:

1. A purchase order will be required prior to any purchase being made regardless of amount. All vendors have been notified that a purchase order number and/or a copy of the purchase order must be presented for authorization to make the purchase. ***The County will assume no responsibility unless a purchase order is obtained in advance.***

Purchases made without advance purchase order authorization will be the responsibility of the purchaser and the vendor.

2. Purchases under \$10,000 require only a purchase order if adequate funds are available in the appropriate budget line item.
3. Purchases from \$10,000 to \$49,999:
 - a. Purchases of new commodities from \$10,000 - \$49,999 require that at least three (3) quotations accompany the requisition when it is forwarded to the County Auditor’s Office.
 - b. Purchases of used commodities from \$10,000 - \$49,999 require that at least one quotation accompany the requisition when it is forwarded to the County Auditor’s Office.
 - c. Purchases of services from \$10,000 - \$49,999 require at least one quotation and a contract for services accompany the requisition when it is forwarded to the County Auditor’s Office. The official may use discretion in determining whether a performance bond should be obtained from the contractor.
4. Purchases between \$25,000 and \$49,999 require commissioner’s court approval.
5. Purchases of \$50,000 or more require that formal bidding procedures be followed, as specified by State law.

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6. Purchases made through cooperative purchasing agreements should be coordinated through the County Auditor's Office. A purchase order will be issued in advance of the order being placed.

Formal bids to be advertised will be placed on the Commissioners Court Agenda for approval and authorization. Complete specifications for the item(s) to be purchased will be filed in the Auditor's Office before such bids are advertised.

A request for items to be purchased through the formal bid process should be planned to allow enough time for delivery before the end of the fiscal year.

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V. THE PURCHASE REQUISITION

The purpose of a Requisition is to inform the Auditor's Office of the needs of the requesting department, and to correctly identify the goods or services requested.

A Requisition will be issued for the following:

1. Purchases from vendors
2. Requests for printing

The Requisition should be prepared far enough in advance of the date the goods are required to allow for quotations to be taken, if required, and to allow for delivery by the vendor.

The Department Head or duly authorized person within the department, initiates, prepares and signs the Requisition.

To be properly processed, a Requisition must contain the following information: (See *Sample Requisition Form*)

VENDOR - provide the name and address of the recommended vendor.

DEPARTMENT - provide the following information

- Department to be charged;
- The date the Requisition was completed;
- The date the purchase order is required in order to make the purchase.

Do not use such terms as "Rush", "Now", "As Soon As Possible", or "Immediately". Always prepare the requisition far enough in advance that emergencies will be avoided.

FOR AUDITOR'S OFFICE USE ONLY - This section is to be used by the Auditor's Office when processing the Requisition and resulting purchase order. Indicate the appropriate account number, if known, to which this requisition should be applied, otherwise, leave this area blank.

QUANTITY REQUIRED - Provide the number required. Follow the number with an abbreviation when materials are such that there is a need for clarification. If no abbreviation is provided it will be assumed that quantities listed are "each".

DESCRIPTION AND SPECIFICATIONS - Describe the item desired clearly as to size, color, type, grade, etc. When necessary, the information may be put on a separate sheet, attached to the Requisition and sent to the Auditor's Office.

UNIT PRICE - The user will provide the estimated unit price for each item to be purchased.

TOTAL AMOUNT - The user will provide the estimated total amount for each item to be purchased.

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V. THE PURCHASE REQUISITION, (Cont'd)

VENDOR INFORMATION - This section will be used by the requesting department for recording quotations received from the various vendors contacted, when required.

VENDOR'S NAME - This section will be used by the requesting department for recording the names of vendors contacted for quotations.

APPROVED - The Requisition should be signed by the user and forwarded to the Auditor's Office.

The requisition form is on the Navarro County website in excel form. The completed form should be sent to the Auditor's Office. The copy will be returned, with the receiving copy of the Purchase Order.

The Auditor's Office will charge the proper budget line item with the purchase. If sufficient funds are not available, the Requisition will be returned to the requesting department.

Requisitions are not to be issued for items that do not have a positive budget balance. Where funds are not available, transfers from other line items may be made by sending a written request to the Auditor's Office. Except in the case of an emergency, the Auditor's Office will not issue a Purchase Order until funds are available in the budget line item to be charged.

The County Auditor will have the authority to revise Requisitions and estimates, as to the quantity, quality or estimated cost, so long as the revisions as to quality are in accordance with the standards and specifications established. The requesting department will be notified of any revision made as to quantity or quality.

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Departmental Purchase Requisition

Company _____	Budget Number _____
Address _____	Request Date _____
City _____	Phone Number _____
State/Province _____ Zip/Postal Code _____	Fax Number _____
Country _____	Contact Name _____

Stock No.	Description	Supplier	Quantity	Unit Cost	Amount
Comments					Total
					\$0.00
					\$0.00
					Shipping Charge
					Grand Total \$0.00

Authorized By Elected/Appointed Official _____

Date _____

Return To: Navarro County Auditor's Office
 300 West 3rd Avenue, Suite 10
 Corsicana, TX 75110

Auditor Use Only
Vendor No: _____
Purchase Order No: _____
G/L Account No: _____
Auditor Approval: _____

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VI. THE PURCHASE ORDER

A Purchase Order is the seller's authorization to invoice and ship the goods specified. All Purchase Orders will be written concisely and clearly to avoid misunderstandings and unnecessary correspondence with vendors.

A Purchase Order will be issued only upon receipt of a requisition, duly signed by the requestor, unless arrangements are made in advance with the Auditor's Office. The Purchase Order number will be assigned once the availability of funds has been verified. It will normally be received by the vendor before the delivery of the goods.

The Purchase Order will be issued by the Auditor's Office only. The requesting department will file all requisitions with the Auditor's Office. The requesting department will not enter into negotiations or make any order with any vendor for any purchase prior to a Purchase Order being issued, except as outlined in the emergency purchase procedure or as in the instance of blanket purchase orders. The Purchase Order should be delivered to the vendor at the time the order is placed. This should be done by the requestor.

A standard, computer generated, Purchase Order is used for all purchases. These forms will be distributed as follows:

ORIGINAL – Auditor's file copy, is maintained in Auditor's Office until receiving copy is returned.

Invoices received relating to the Purchase Order, must also be signed by the user before they are forwarded to the Auditor's Office for payment. The receiving copy is forwarded to the Auditor's Office with all accompanying invoices and packing slips attached.

REQUESTOR/VENDOR COPY – is a copy, which is to be carried, faxed, or mailed to the vendor by the requestor when the order is made.

(Requesting Departments are provided with a copy of the Purchase Order to keep in their files.)

The Purchase Order will be checked against the requisition by the Auditor's Office. This check will include, but is not limited to:

1. Proofreading the Purchase Order and quotation to insure that these documents are in agreement with the requisition.
2. Checking for mathematical accuracy.
3. Checking signatures and approvals.

After the foregoing checks have been completed, the Purchase Order will be signed by the Auditor's Office before it is released.

When the signed invoice and receiving copy of the Purchase Order have been received by the Auditor's Office, the requisition and all information in the file will be verified against these documents. Once these items have been checked, payment will be processed in the next appropriate payment cycle.

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VI. THE PURCHASE ORDER, (Cont'd)

Bills are approved for payment on the second and fourth Monday of each month. Invoices must be received no later than the Wednesday preceding the approval date in order to be processed in a specific payment cycle. Invoices received after this date will be processed in the next payment cycle.

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PURCHASE ORDER
NAVARRO COUNTY
300 WEST 3RD AVENUE, SUITE 4
CORSICANA, TX 75110
PHONE: (903) 654-3095
FAX: (903) 654-3097

311302
DUPLICATE

06/05/2020
PP 09/2020

TAX EXEMPT #75-6001092

PAYMENT TERMS: TEXAS PROMPT PAYMENT ACT

VENDOR: 006886 JERRY'S TIRE HOUSE ROAD & BRIDGE #3
1728 FRANKLIN AVE
WACO, TX 76701 ROAD & BRIDGE #3

(254) 753-0119

Qty	Description	Account	Item Amount	Item Total
2	UNIT 319 - 245/70R17 TIRE RANDY TACKETT CALLED	213-613-325	189.00	378.00

GRAND TOTAL 378.00

APPROVED BY: _____ DATE _____

NATALIE ROBINSON / TERRI GILLEN

ELECTRONIC INVOICES SHALL BE SENT TO AUDITORS@NAVARROCOUNTY.ORG

**PAYMENT WILL BE MADE IN ACCORDANCE WITH TEXAS PROMPT PAYMENT ACT,
 TGC, SUBTITLE F, CHAPTER 2251. BUDGET PROVISIONS HAVE BEEN MADE &
 FUNDS ARE OR WILL BE AVAILABLE TO MEET THIS OBLIGATION WHEN DUE,
 PROVIDED THERE IS PROPER & LEGAL PERFORMANCE.**

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EMERGENCY PURCHASES

Emergency Purchases will be curtailed as much as possible, by anticipating needs far enough in advance that regular purchasing procedures, as outline in the previous sections, may be followed.

The Emergency Purchase is made by the user, with the approval of the department head, and is allowed only to keep buildings and machinery in operating condition when their idleness would result in expense to the County. An Emergency Purchase may also be made for extreme emergency cases involving public health and welfare.

Emergency Purchases will be limited to the Road and Bridge Department, Building Maintenance Department, Sheriff's Department, Community Supervision and Corrections Department and Juvenile Probation.

The user will initiate an Emergency Purchase by contacting the Auditor's Office, notifying them of the nature of the emergency, and requesting a purchase order number. The user will give this number to the vendor, and secure a sales ticket or invoice for the purchase. The user will complete a requisition in the usual manner, with the notation "EMERGENCY PURCHASE" written clearly on the upper part of the requisition.

The sales ticket or invoice is attached to the requisition and sent to the Auditor's Office, no later than the following workday. A confirming purchase order, bearing the same number as the one originally used will then be sent to the vendor. All copies of the purchase order will be marked "CONFIRMED".

When an emergency arises during a time when the Auditor's Office is usually closed, the user will use the same procedure as above, except that the purchase order number cannot be obtained and cannot be given to the vendor at the time of the purchase.

The user is to obtain the best possible price when making an emergency purchase. The goods will usually be purchased from a vendor who has previously supplied the same or similar items.

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VIII. INVOICES

An Invoice is an itemized statement of merchandise shipped or sent, and is a guide for the County in settling financial obligations incurred. How an invoice is processed may have either a favorable or unfavorable effect upon the relationship between the County and its suppliers.

Invoices are based upon purchase orders and therefore should contain the same basic information. Any difference between the Invoice and the receiving copy of the purchase order should be called to the vendor's attention immediately.

An Invoice should contain, at a minimum, the following information:

1. The purchase order number.
2. An itemized list of merchandise shipped.
3. The prices, terms, quantities and all other pertinent information about the purchase.
4. All charges for delivery, freight, etc., must be listed separately from the merchandise.

All Invoices, except those covering emergency purchases, will be sent directly to the user. Invoices for emergency purchases will be obtained from the vendor at the time the purchase is made, unless other arrangements have been made.

Upon receipt of the receiving copy of the purchase order and the Invoice, the Auditor's Office will pull from their files all pertinent information related to that Invoice and, after checking the purchase order against the Invoice, will process the Invoice for payment. The receiving copy of the purchase order, Invoice, quotations, requisitions and other documentation relating to the purchase, will be kept with the check copy in the Auditor's files once payment has been made.

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IX. INSPECTING, TESTING AND RECEIVING

All goods received will be inspected by the user to determine whether or not they conform with the specifications set forth in the purchase order or contract.

The user will inspect, check and count the merchandise received, to see that it conforms as to quantity, quality and specifications on the purchase order. This authority will be assigned by the department head only to personnel qualified to perform such an inspection.

Upon receipt of merchandise, and after inspection and testing, the user will certify, by signature on the receiving copy of the purchase order, that the specifications were met.

If the receiving department does not accept the merchandise because of failure to meet the specifications in the purchase order, and an acceptable resolution to the situation cannot be reached, they will immediately contact the Auditor's Office and state their reasons for withholding acceptance. The Auditor's Office will then take immediate action to compel replacement by the vendor, cancel the order or otherwise take action to supply the department with the supplies or services required.

If for any reason partial shipments are received by the user, the user should note the date, Order Not Complete, and the dollar amount on the purchase order, then make a copy of the Purchase Order and attach to the invoice and send to the Auditor's Office. When the order is fully complete, note the date, Order Complete, and the amount of the final invoice on the Purchase Order, attach to the invoice and send to the Auditor's Office. If an invoice is received by a user that has merchandise that has not been received it is the responsibility of the user to contact the vendor and receive the merchandise before the invoice can be submitted for payment.

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X. BLANKET PURCHASE ORDERS

A Blanket Purchase Order (BPO) is a simplified method of filling anticipated repetitive needs for supplies or services to be paid for on a monthly basis.

BPO's are designed to reduce administrative costs in accomplishing small purchases by eliminating the need for issuing individual requisitions and purchase orders. They are intended for purchases covering a broad class of items that are repetitively needed, and for which the exact items, quantities and delivery requirements are not known in advance and may vary considerably.

The combined dollar expenditure per BPO will not exceed **Five Hundred Dollars (\$500) per month**. No individual purchase may exceed a total of **One Hundred Dollars (\$100.00)**, and purchases/invoices will not be split to circumvent this limitation. Deviation from these amounts must be approved by the County Auditor. BPO's may be issued and purchases made against them without prior requisition or commitment of funds, provided sufficient funds are available in the operating budget of the department at the time the BPO is issued.

The use of BPO's does not exempt the department from responsibility for keeping obligations and expenditures within available funds. Appropriate action will be taken by each department to ensure fund availability when payments are due. Requesting Officials and Department Heads will be responsible to ensure that sufficient funds are available for payment of all purchases at the end of each month.

No BPO will be issued for any period exceeding twelve months. More than one BPO may be issued concurrently for the same category of items with different vendors to provide a choice of brand and quality of items as well as competitive item costs; however, the total of all BPO's issued for any line item will not exceed budgeted funds available at the time the BPO's are issued.

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X. BLANKET PURCHASE ORDERS, (Cont'd)

PROCEDURES

Requesting Department - Each department will submit a *Request for Blanket Purchase Order* form to the Auditor's Office to establish a BPO. The Auditor's Office will assess the request and, if appropriate, issue the requested BPO. The request to issue a BPO will include the following information:

1. Name of department requesting BPO;
2. Name of individuals authorized to make calls against the BPO;
3. Type or category of items to be purchased;
4. Total amount of the BPO; and
5. Names, address and telephone of vendor with whom BPO is requested.

Auditor's Office - The Blanket Purchase Order, as issued by the Auditor's Office, will include the following information:

1. A statement that the vendor will furnish goods or services, described in general terms, if and when requested by authorized, named individuals during a specified period and within a stipulated aggregate amount;
2. A statement that Navarro County is obligated only to the extent of authorized purchases actually delivered under the BPO;
3. A statement specifying the dollar limitation for each individual call made against the BPO; and
4. A requirement that all purchases be accompanied by an invoice that contains the following information.
 - a. Date of purchase
 - b. BPO and Call Number
 - c. Vendor identification, including address and telephone number
 - d. Itemized list of supplies or services furnished
 - e. Quantity, unit price and extension of each item
 - f. Signature of individual receiving supplies or services

Records - The user will maintain adequate records to monitor all purchases and ensure that monetary limitations are not exceeded. A log of all purchases made will be recorded on the *Monthly BPO Log* by the individual responsible for authorizing purchases against a specific BPO.

The BPO Log will be maintained in a current status at all times and distributed as follows:

1. Each page of the log will be totaled to show the number of calls placed and the amount of obligations incurred during the month. A total amount will be shown in the appropriate block on the last page.
2. Monthly, the log will be signed by the Official or Department Head, a copy retained by the user with the applicable file copy of each BPO, and the original signed copy forwarded, along with all applicable invoices and a completed requisition, to the Auditor's Office. The original with attachments should be sent to the Auditor's Office no later than three (3) working days after the end of each month.

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X. BLANKET PURCHASE ORDERS, (Cont'd)

3. All applicable invoices and the monthly log will be submitted together to the Auditor's Office for all purchases made during that month. Specific item descriptions, quantities, and prices do not have to be listed. This requisition should be signed by the Official or Department Head. The original of all invoices called for above should be attached to the log.

5. The Auditor's office will review all documentation, then process them for payment. Discrepancies found will result in requisitions and supporting documentation being returned to the user to be reconciled. All Discrepancies must be resolved before the invoices will be processed for payment.

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**NAVARRO COUNTY, TEXAS
REQUEST FOR BLANKET PURCHASE ORDER**

PERIOD COVERED BY THIS BLANKET PURCHASE ORDER (BPO) REQUEST:

(month/year)

DEPARTMENT: _____

CATEGORY OF ITEMS TO BE PURCHASED:

INDIVIDUALS AUTHORIZED TO MAKE CALLS AGAINST THIS BPO:

NAME	TITLE	PHONE
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

RECOMMENDED VENDOR NAME AND ADDRESS:

TOTAL AMOUNT REQUESTED: _____ (UP TO 500.00 DOLLARS)

AUTHORIZED BY: _____ **DATE:** _____

APPROVED BY: _____ **DATE:** _____

PURCHASE ORDER NUMBER ASSIGNED: _____ **BY:** _____

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PURCHASE ORDER 311302
 NAVARRO COUNTY DUPLICATE
 300 WEST 3RD AVENUE, SUITE 4
 CORSICANA, TX 75110 06/05/2020
 PHONE: (903) 654-3095 PP 09/2020
 FAX: (903) 654-3097 TAX EXEMPT #75-6001092
 PAYMENT TERMS: TEXAS PROMPT PAYMENT ACT

VENDOR: 006886 JERRY'S TIRE HOUSE ROAD & BRIDGE #3
 1728 FRANKLIN AVE
 WACO, TX 76701 ROAD & BRIDGE #3
 (254) 753-0119

Qty	Description	Account	Item Amount	Item Total
2	UNIT 319 - 245/70R17 TIRE RANDY TACKETT CALLED	213-613-325	189.00	378.00

GRAND TOTAL 378.00

APPROVED BY: _____ DATE _____

NATALIE ROBINSON / TERRI GILLEN

ELECTRONIC INVOICES SHALL BE SENT TO AUDITOR@NAVARROCOUNTY.ORG

PAYMENT WILL BE MADE IN ACCORDANCE WITH TEXAS PROMPT PAYMENT ACT, TGC, SUBTITLE F, CHAPTER 2251. BUDGET PROVISIONS HAVE BEEN MADE & FUNDS ARE OR WILL BE AVAILABLE TO MEET THIS OBLIGATION WHEN DUE, PROVIDED THERE IS PROPER & LEGAL PERFORMANCE.

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NAVARRO COUNTY

BLANKET PURCHASE ORDER LOG FOR THE MONTH OF _____

DEPARTMENT: _____

VENDOR: _____ BPO NO.: _____

CALL NO.	DATE	DESCRIPTION	AMOUNT	CUMULATIVE TOTAL

I certify this log represents all purchases made during this month, by this department, from the Vendor shown. All items were required in the performance of assigned official duties, and have been received as evidenced by attached sales tickets and corresponding invoices.

Signature

Date

NCA09 4/90

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XI. CAPITALIZATION POLICY

The County will maintain an inventory of all fixed assets in accordance with Generally Accepted Accounting Principles (GAAP), including Governmental Accounting Standards Board (GASB) Pronouncement Number 34, and this policy.

Assets held and/or owned by Navarro County will be classified in the following four (4) specific categories:

1. **Operating Asset** – Asset valued at less than \$2,500.00, with a useful life greater than one year, whose acquisition cost is charged directly to an expenditure account and for which no asset record will be maintained;
2. **Controlled Property Asset** – Asset valued between \$2,500.00 and \$4,999.99, with a useful life greater than one year, whose acquisition cost is charged directly to an expenditure account but not subject to depreciation for financial reporting purposes and for which a unique asset number will be assigned and records maintained;
3. **Information System Asset** – Computer equipment valued from \$500.00 to \$4,999.99, with a useful life greater than one year, whose acquisition cost is charged directly to an expenditure account but not subject to depreciation for financial reporting purposes and for which a unique asset number will be assigned and records maintained;
4. **Capital Asset** – Asset valued at \$5,000.00 or more, with a useful life greater than one year, whose acquisition cost is capitalized and depreciated over the useful life of the asset and for which a unique asset number will be assigned and records maintained.

The purpose of this policy is to ensure that consistent and proper procedures are followed in the recognition of assets held and/or owned by Navarro County. Fixed asset records will be maintained in such a manner as to sufficiently serve to safeguard these items as public investments and to assure stewardship of all such assets held in public trust.

VALUATION

All fixed assets will be valued at cost, or if cost is not practically determinable, at estimated cost. Donated or dedicated fixed assets will be valued at their fair market value at the time the asset is received by the County.

The cost recorded for fixed assets will include all ancillary costs. These costs include, but are not limited to freight, site preparation, professional fees, legal claims directly related to asset acquisition, installation and testing, construction related insurance and any other costs directly associated with the purchase, installation or delivery of the asset to the County in an operable and productive state.

NAVARRO COUNTY, TEXAS POLICY AND PROCEDURES MANUAL

XI. CAPITALIZATION POLICY, (Cont'd)

For purposes of this policy, *a Capital Asset is any tangible asset acquired by the County with a useful life greater than one year and a total cost of \$5,000.00 or more.* The following criteria must be met in order for an asset to be classified as a Capital Asset:

- A. An asset acquired by purchase, lease-purchase, donation or dedication, with a total unit cost of \$5,000.00 or more will be capitalized at the total cost of acquisition.
 - 1. An asset assembled from parts whose individual cost is less than \$5,000.00, but whose total cost exceeds \$5,000.00, will be capitalized for the total cost of all components.
 - 2. An asset acquired through donation or dedication will be valued at fair market value and, if such is \$5,000.00 or more the asset will be capitalized.
- B. An asset acquired by construction that is accounted for as a Capital Project with a construction period extending over more than one fiscal year will be capitalized upon completion of the project at the total cost of construction over the construction period if that cost is \$5,000.00 or greater.
- C. Major construction related repairs will be considered for capitalization if such repairs meet the following criteria:
 - 1. The total cost of construction related repairs exceeds ten percent (10%) of the original acquisition cost; and
 - 2. The construction related repairs result in additional asset service, more valuable asset service or extension of the life of the asset.
- D. Major repairs to machinery or equipment will be considered for capitalization if such repairs meet the following criteria:
 - 1. The total cost of repairs exceeds twenty percent (20%) of the original acquisition cost; and
 - 2. The total cost of repairs is \$5,000.00 or more; and
 - 3. The repairs result in additional asset service, more valuable asset service or extension of the life of the asset.

ASSETS ACQUIRED THROUGH CAPITAL LEASE

Assets acquired through the use of a capital lease will be considered for capitalization if the following criteria are met:

- A. The total cost of the asset is \$5,000.00 or more; and
- B. The lease transfers ownership of the asset to the County at the end of the lease term at minimal or no cost to the County; and
- C. The lease term is equal to 75% or more of the estimated useful life of the asset.

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XII. FIXED ASSET PURCHASES

All invoices for purchases that meet the capital criteria as outlined above must be accompanied by a completed Fixed Asset Form. If an existing piece of machinery or equipment is traded or disposed of when the purchase is made, a Fixed Asset Form should also be completed and attached to the invoice. Invoices for purchases meeting the capitalization guidelines will not be processed for payment until the necessary fixed asset forms have been received by the Auditor's Office.

The fixed asset forms have been designed to assist in maintaining County records of fixed assets and to record the location of each piece of machinery or equipment owned by the County.

FIXED ASSET FORM

This form should be completed each time a purchase is made meeting the capitalization guidelines.

The requesting department is required to complete this form and attach it to the receiving copy of the purchase order with the invoice upon receipt of the item(s) purchased. One form should be completed for each item purchased.

The FIXED ASSET FORM should be completed as follows:

CHECK ONE - Acquisition, Trade, or Disposition and place P.O. # on form.

DEPARTMENT - name of the department receiving the machinery or equipment.

DATE OF ACQUISITION - date the item was received.

LOCATION - if the equipment will be located in the general office area of your department put office. If it is assigned to a particular employee or an area other than your office, please indicate such in this section of the form.

ACQUISITION INFORMATION:

VENDOR – Company in which the item was purchased from.

SERIAL NUMBER - the identification or serial number of the equipment received.

DESCRIPTION (MANUFACTURE, MODEL/MAKE) - briefly describe the equipment purchased by manufacture, make or model number.

ACQUISITION COST

INVOICE PRICE – the cost of the item

INSTALLATION PRICE – any additional cost

LESS TRADE-IN – any discount *

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XII. FIXED ASSET PURCHASES, (Cont'd)

NET COST – the total cost of the item

*If the item was a Trade-In, you must complete the following

ASSET NUMBER – the number that was assigned if any

SERIAL NUMBER – the serial number of the item

DESCRIPTION (MANUFACTURE, MAKE/MODEL) - briefly describe the equipment being traded.

DISPOSITION INFORMATION

If the item is being replaced by the new purchase or the item is being disposed of you would need to fill out the following section.

ASSET NUMBER – the number that was assigned if any

SERIAL NUMBER – the serial number of the item

DESCRIPTION (MANUFACTURE, MAKE/MODEL) - briefly describe the equipment being replaced or disposed of.

STATUS OF ASSET – Check one or more of the following options. Operational, At Repair, Damaged, Stolen, Pending Sale, Sold/Donated, Pending Transfer.

SALE OR DONATED – if the item is being sold or donated you would need to fill this section with the Name and Address of the Purchasers or Donor. If the item was sold put the sales price on the form, if the item was donated put an estimated value on the form.

TRANSFERRED

If the item is being transferred to another department it is the department that is transferring the equipment responsibility to fill out the form.

ASSET NUMBER – the number that was assigned if any

SERIAL NUMBER – the serial number of the item

DESCRIPTION (MANUFACTURE, MAKE/MODEL) - briefly describe the equipment being transferred

TRANSFERRED FROM – the department /individual and current location

TRANSFERRED TO – the department/individual and current location

AUTHORIZED BY/DATE - the form should be signed and dated by the user and forwarded to the Auditor's Office.

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**Navarro County, Texas
Fixed Asset Form**

Acquisition Disposition Transfer P.O. # _____

Department: _____ Date: _____

Location: _____

Auditor's Use Only
Place Copy of Bar Code Here

Acquisition Information:

Vendor: _____	Acquisition Cost
Serial Number: _____	Invoice Price: _____
Description (Manufacture, Make/Model): _____	Installation Price: _____
_____	Less: Trade-In * _____
_____	Net Cost: _____

* If Trade-In the following must be completed:

Asset Number: _____ Serial Number: _____
(Located on Bar Code Label)
Description (Manufacture, Make/Model): _____

Disposition Information:

Asset Number: _____ Serial Number: _____
(Located on Bar Code Label)
Description (Manufacture, Make/Model): _____

Status of Asset:

Operational At Repair Damaged Stolen Pending Sale
 Sold/Donated Pending Transfer

If Sale or Donated: Name and Address of: _____
 Purchaser/Donor: _____

Sale Price: _____ Estimated Value if Donated: _____

If Transferred:

Asset Number: _____ Serial Number: _____
(Located on Bar Code Label)
Description (Manufacture, Make/Model): _____

Transferred From: Department Name or Individual: _____
 Current Location: _____

Transferred To: Name of Department or Individual: _____
 Transfer Location: _____

Department Head or Authorized Representative: _____
(Name and Title or Position)

Date: _____

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XIII. CLASS CODES & USEFUL LIFE

Class Code	Asset Code	Asset Sub-Code	Useful Life (months) 1	Real Property - Class Code Description	Controlled or Trackable
1	0	0	N/A	Land and Land Improvements	Controlled
1	1	0	N/A	Land: Right of Way	Controlled
2	0	0	276	Facilities and Other Improvements	Controlled
2	1	0	300	Fencing and Gates	Controlled
2	2	0	120	Landscaping	Controlled
2	3	0	240	Parking Lots/Driveways/Parking Barriers	Controlled
2	4	0	180	Outside Sprinkler Systems	Controlled
2	5	0	144	Recreation Areas & Athletic Fields (including bleachers)	Controlled
2	6	0	180	Septic Systems	Controlled
2	7	0	720	Plazas, Pavilions	Controlled
2	8	0	240	Retaining Walls	Controlled
3	0	0	264	Building and Building Improvements	Controlled
3	1	0	360	Building Exterior: Residential	Controlled
3	2	0	360	Building Exterior: Office	Controlled
3	3	0	360	Building Exterior: Correctional Facilities	Controlled
3	4	0	360	Building Exterior: Farm	Controlled
3	5	0	360	Building Exterior: Storage or Warehouse	Controlled
3	6	0	360	Building Exterior: Garage or Hangar	Controlled
3	7	0	240	Building Interior: Elevator	Controlled
3	8	0	180	Building Interior: Carpet	Controlled
3	9	0	240	Building Interior: Modular/Fixed Furniture	Controlled
3	10	0	240	Building Interior: Sprinkler System	Controlled
3	11	0	240	Building Interior: Electrical	Controlled
3	12	0	120	Building Interior: Roof	Controlled
3	13	0	240	Building Interior: Water System	Controlled
3	14	0	180	Building Interior: Heating/Cooling System/Air Circulation	Controlled
3	15	0	120	Building Interior: Security	Controlled
3	16	0	120	Building Interior: Cabling/Fiber Optic	Controlled
3	17	0	120	Building Interior: Fire Alarm System	Controlled
Class Code	Asset Code	Asset Sub-Code	Useful Life (months) 1	Class Code Description	Controlled or Trackable
4	0	0	312	Infrastructure & Infrastructure Improvements	Controlled
4	1	0	Modified	Highway System & Rest Areas	Controlled
4	2	0	240	Road/ Street (curbs, gutters)	Controlled
4	3	0	420	Bridges	Controlled
4	3	1	420	Bridge - Concrete Girder (pan)	Controlled
4	3	2	240	Bridge - Concrete Slab	Controlled
4	3	3	420	Bridge - Culvert	Controlled

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4	3	4	360	Bridge - Prestressed Girder (box)	Controlled
4	3	5	300	Bridge - Prestressed Girder	Controlled
4	3	6	300	Bridge - Steel Girder	Controlled
4	3	7	540	Bridge - Steel Truss Category One	Controlled
4	3	8	540	Bridge - Steel Truss Category Two	Controlled
4	3	9	300	Bridge - Timber Stringer	Controlled
4	4	0	240	Sewer (Sanitary, Storm)	Controlled
4	5	0	240	Wharf or dock	Controlled
4	6	0	240	Radio or Television Tower	Controlled
4	7	0	240	Fiber Optic (information technology)	Controlled
4	8	0	180	Lighting System (traffic, outdoor, street, etc.)	Controlled
4	9	0	120	Signage	Controlled
4	10	0	192	Sidewalks	Controlled
4	11	0	N/A	Construction in Progress	Controlled
4	12	0	60	Leasehold Improvements	Controlled
Class Code	Asset Code	Asset Sub-Code	Useful Life (months) 1	Class Code Description	Controlled or Trackable
5	0	0		PERSONAL PROPERTY	
5	1	0		FURNITURE	
5	1	1	120	Desks	Trackable
5	1	2	120	Tables	Trackable
5	1	3	120	Chairs	Trackable
5	1	4	120	Cases, Cabinets & Credenzas	Trackable
5	1	5	120	Other Office Furniture	Trackable
5	1	6	120	Other Office Furniture - Controlled	Controlled
5	2	0		OFFICE EQUIPMENT	
5	2	1	84	Calculators	Trackable
5	2	2	84	Typewriters, Word Processors	Trackable
5	2	3	84	Photocopying Equipment	Controlled
5	2	4	84	Fax Machines, Telecopier	Trackable
5	2	5	108	Mailroom Equipment: Folder, Inserter, Labeler, Band Tier	Trackable
5	2	6	84	Office Machines	Trackable
5	2	7	84	Miscellaneous Machines	Trackable
5	2	8	84	Other Office Equipment	Trackable
5	2	9	84	Other Office Equipment - Controlled	Controlled
5	3	0		VEHICLES	Controlled
5	3	1	60	Passenger Cars	Controlled
5	3	2	120	Trucks (26,001 lbs and over GVWR)	Controlled
5	3	3	96	Buses (up to 15 passengers)	Controlled
5	3	4	60	Motorcycles	Controlled
5	3	5	60	Vehicle Inventory Components/Life 5 Yrs	Controlled
5	3	6	120	Vehicle Inventory Components/Life 10 Yrs	Controlled
5	3	7	84	Sports Utility Vehicles	Controlled
5	3	8	84	Vans, Cargo & Passenger	Controlled
5	3	9	84	Light Trucks (under 8,600 lbs GVWR)	Controlled

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5	3	10	96	Mounted Equipment with Truck Chassis	Controlled
5	3	11	120	Self-Propelled Roadway Equipment	Controlled
5	3	12	120	Trailers	Controlled
5	3	13	120	Towed Roadway Equipment	Controlled
5	3	14	60	Light/Medium Trucks (8,601 - 14,999 lbs. GVWR)	Controlled
5	3	15	60	Medium Trucks (15,000 - 26,000 lbs GVWR)	Controlled
5	3	16	84	Mini Vans	Controlled
5	3	17	96	Buses (16 - 28 passengers)	Controlled
5	3	18	120	Buses (29 passengers and over)	Controlled
5	3	19	120	Other Equipment: Forklift, Grader, Other	Controlled
Class Code	Asset Code	Asset Sub-Code	Useful Life (months) 1	Personal Property Continued Class Code Description	Controlled or Trackable
5	4	0		COMPUTER EQUIPMENT	
5	4	1	96	Mainframe Computer & Peripherals	Controlled
5	4	2	72	Minicomputers, Servers	Trackable
5	4	3	72	CPU	Trackable
5	4	4	72	Terminal, Monitor	Trackable
5	4	5	60	Peripheral Devices Microcomputer: Disk, Tape, Optical	Trackable
5	4	6	84	Printer	Trackable
5	4	7	84	Printer - Controlled	Controlled
5	4	8	72	Controllers: Tape, Disk, Terminal	Trackable
5	4	9	60	Other Computer Hardware	Trackable
5	4	10	36	Docking Station	Trackable
5	4	11	84	Security System - Card Reader, Camera and Monitor (not built-in)	Trackable
5	4	12	36	Image Scanner - Controlled	Controlled
5	4	13	36	Image Scanner	Trackable
5	4	14	96	Power Supply, Battery, Generator	Trackable
5	4	15	36	Uninterruptible Power Supply	Trackable
5	4	16	60	Modem, External	Trackable
5	4	17	60	Communication Controllers	Trackable
5	4	18	60	Other Communications Hardware	Trackable
5	4	19	60	Lan/Wan Switching - Hubs, Switches & Routers	Trackable
5	4	20	120	Computer Equipment Racks, Shelving, Chassis	Trackable
5	5	0		INDIVIDUAL EQUIPMENT	Trackable
5	5	1	120	Hand Guns	Trackable
5	5	2	120	Rifles/Shotguns	Trackable
5	5	3	120	Machineguns	Trackable
5	6	4	120	Other Individual Equipment	Trackable
5	6	0		MAINTENANCE EQUIPMENT	
5	6	1	84	Vehicle Maintenance Equipment	Trackable
5	6	2	180	Pallet Trucks, Lifts, Jacks, Hydraulic	Trackable
5	6	3	180	Scales	Trackable
5	6	4	84	Tools	Trackable

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5	6	5	84	Agricultural Equipment	Trackable
5	6	6	84	Building Maintenance & Safety Equipment	Trackable
5	6	7	84	Kitchen Appliances & Equipment	Trackable
5	6	8	180	Other Maintenance Equipment	Trackable
5	6	9	180	Other Maintenance Equipment - Controlled	Controlled
Class Code	Asset Code	Asset Sub-Code	Useful Life (months) 1	Personal Property Continued Class Code Description	Controlled or Trackable
5	7			ELECTRONIC EQUIPMENT	
5	7	1	84	Cameras	Trackable
5	7	2	84	Video Recorder/Laserdisk Player (TV, VCR, Camcorder)	Trackable
5	7	3	84	Sound Systems/Equipment	Trackable
5	7	4	60	GPS Equipment	Controlled
5	7	5	36	PBX, KSU, Voice Mail, Phone System	Trackable
5	7	6	36	Phone Equipment (other than systems)	Trackable
5	7	7	180	Recording Systems	Trackable
5	7	8	180	Radio(Base/Desk)	Trackable
8	7	9	180	Radio Portable/Handheld	Trackable
5	7	10	180	Other Electronic Equipment	Trackable
5	7	11	180	Other Electronic Equipment - Controlled	Controlled
Class Code	Asset Code	Asset Sub-Code	Useful Life (months) 1	Personal Property Continued Class Code Description	
5	8	0		MEDICAL EQUIPMENT	Trackable
5	9	0		Misc Personal Property	Trackable
5	9	1	84	Horses	
5	9	2	84	Cows	
5	9	3	84	Sheep	
5	9	4	84	Swine	
5	9	5	84	Other Livestock/Animals	

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XIV. FEDERAL PROCUREMENT POLICES AND PROCEDURES

PROCUREMENT POLICIES AND PROCEDURES COUNTY OF NAVARRO

The County of Navarro follows the procurement standards in 2 CFR 200.317 – 2CFR 200.327 and Appendix II to Part 200 for procurement actions to be funded with Federal funds. All attempts are made to adhere to these policies and procedures and updates are made as needed. The entirety of the language found in 2 CFR 200.317 – 2 CFR 200.327 may not be applicable in all instances, programs, and/or situations. This document contains the most current 2 CFR 200.317 – 2 CFR 200.327 language available at the adoption of these policies and procedures.

§200.317 Procurements by states.

When procuring property and services under a Federal award, a State must follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will comply with §§200.321, 200.322, and 200.323 and ensure that every purchase order or other contract includes any clauses required by §200.327. All other non-Federal entities, including subrecipients of a State, must follow the procurement standards in §§200.318 through 200.327.

§200.318 General procurement standards.

(a) The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§200.317 through 200.327.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c)(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

(2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a State, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of

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relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.

(f) The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(g) The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

(h) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also §200.214.

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(j)(1) The non-Federal entity may use a time-and-materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to a non-Federal entity is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

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(k) The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

[85 FR 49543, Aug. 13, 2020, as amended at 86 FR 10440, Feb. 22, 2021]

§200.319 Competition.

(a) All procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition consistent with the standards of this section and §200.320.

(b) In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- (1) Placing unreasonable requirements on firms in order for them to qualify to do business;
- (2) Requiring unnecessary experience and excessive bonding;
- (3) Noncompetitive pricing practices between firms or between affiliated companies;
- (4) Noncompetitive contracts to consultants that are on retainer contracts;
- (5) Organizational conflicts of interest;
- (6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- (7) Any arbitrary action in the procurement process.

(c) The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

(d) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

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(1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and

(2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

(e) The non-Federal entity must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the non-Federal entity must not preclude potential bidders from qualifying during the solicitation period.

(f) Noncompetitive procurements can only be awarded in accordance with §200.320(c).

§200.320 Methods of procurement to be followed.

The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

(a) **Informal procurement methods.** When the value of the procurement for property or services under a Federal award does not exceed the *simplified acquisition threshold (SAT)*, as defined in §200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include:

(1) **Micro-purchases—(i) Distribution.** The acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (See the definition of *micro-purchase* in §200.1). To the maximum extent practicable, the non-Federal entity should distribute micro-purchases equitably among qualified suppliers.

(ii) **Micro-purchase awards.** Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. Purchase cards can be used for micro-purchases if procedures are documented and approved by the non-Federal entity.

(iii) **Micro-purchase thresholds.** The non-Federal entity is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. The micro-purchase threshold used by the non-Federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations. Non-Federal entities may establish a threshold higher than the Federal threshold established in the Federal Acquisition

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Regulations (FAR) (<https://www.ecfr.gov/current/title-48/chapter-1/subchapter-A/part-2/subpart-2.1>) in accordance with paragraphs (a)(1)(iv) and (v) of this section.

(iv) ***Non-Federal entity increase to the micro-purchase threshold up to \$50,000.*** Non-Federal entities may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The non-Federal entity may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors in accordance with §200.334. The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

(A) A qualification as a low-risk auditee, in accordance with the criteria in §200.520 for the most recent audit;

(B) An annual internal institutional risk assessment to identify, mitigate, and manage financial risks;
or,

(C) For public institutions, a higher threshold consistent with State law.

(v) ***Non-Federal entity increase to the micro-purchase threshold over \$50,000.*** Micro-purchase thresholds higher than \$50,000 must be approved by the cognizant agency for indirect costs. The non-federal entity must submit a request with the requirements included in paragraph (a)(1)(iv) of this section. The increased threshold is valid until there is a change in status in which the justification was approved.

(2) ***Small purchases—(i) Small purchase procedures.*** The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity.

(ii) ***Simplified acquisition thresholds.*** The non-Federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procurement procedures which must not exceed the threshold established in the FAR. When applicable, a lower simplified acquisition threshold used by the non-Federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations.

(b) ***Formal procurement methods.*** When the value of the procurement for property or services under a Federal financial assistance award exceeds the SAT, or a lower threshold established by a non-Federal entity, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used in accordance with §200.319 or paragraph (c) of this section. The following formal methods of procurement are used for procurement of property or services above the simplified acquisition threshold or a value below the simplified acquisition threshold the non-Federal entity determines to be appropriate:

(1) ***Sealed bids.*** A procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bids method is the preferred method for procuring construction, if the conditions.

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(i) In order for sealed bidding to be feasible, the following conditions should be present:

(A) A complete, adequate, and realistic specification or purchase description is available;

(B) Two or more responsible bidders are willing and able to compete effectively for the business;
and

(C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(ii) If sealed bids are used, the following requirements apply:

(A) Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;

(B) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

(C) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

(D) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(E) Any or all bids may be rejected if there is a sound documented reason.

(2) **Proposals.** A procurement method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when conditions are not appropriate for the use of sealed bids. They are awarded in accordance with the following requirements:

(i) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors. Any response to publicized requests for proposals must be considered to the maximum extent practical;

(ii) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and making selections;

(iii) Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the non-Federal entity, with price and other factors considered; and

(iv) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement

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of A/E professional services. It cannot be used to purchase other types of services though A/E firms that are a potential source to perform the proposed effort.

(c) *Noncompetitive procurement.* There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply:

(1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (see paragraph (a)(1) of this section);

(2) The item is available only from a single source;

(3) The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;

(4) The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or

(5) After solicitation of a number of sources, competition is determined inadequate.

§200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.

(a) The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

(b) Affirmative steps must include:

(1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;

(2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

(3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;

(4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;

(5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and

(6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (b)(1) through (5) of this section.

§200.322 Domestic preferences for procurements.

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(a) As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

(b) For purposes of this section:

(1) "Produced in the United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

(2) "Manufactured products" means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

§200.323 Procurement of recovered materials.

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

§200.324 Contract cost and price.

(a) The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

(b) The non-Federal entity must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

(c) Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the non-Federal entity under subpart E of this part. The non-Federal entity may reference its own cost principles that comply with the Federal cost principles.

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(d) The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

§200.325 Federal awarding agency or pass-through entity review.

(a) The non-Federal entity must make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the non-Federal entity desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

(b) The non-Federal entity must make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:

(1) The non-Federal entity's procurement procedures or operation fails to comply with the procurement standards in this part;

(2) The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;

(3) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;

(4) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

(c) The non-Federal entity is exempt from the pre-procurement review in paragraph (b) of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.

(1) The non-Federal entity may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third-party contracts are awarded on a regular basis;

(2) The non-Federal entity may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the non-Federal entity that it is complying with these standards. The non-Federal entity must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

§200.326 Bonding requirements.

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For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

(a) A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

(b) A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's requirements under such contract.

(c) A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

§200.327 Contract provisions.

The non-Federal entity's contracts must contain the applicable provisions described in Appendix II to this part.

Appendix II to Part 200 - Contract Provisions for Non-Federal Entity Contracts Under Federal Awards

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

(A) Contracts for more than the simplified acquisition threshold, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

(B) All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.

(C) Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”

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(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

(E) Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

(F) Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of “funding agreement” under 37 CFR § 401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

(G) Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended - Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

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(H) Debarment and Suspension (Executive Orders 12549 and 12689) - A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

(I) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) - Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

(J) See § 200.323*

(K) See § 200.216**

(L) See § 200.322***

***§ 200.323 Procurement of recovered materials.**

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

****§ 200.216 Prohibition on certain telecommunications and video surveillance services or equipment.**

(a) Recipients and sub recipients are prohibited from obligating or expending loan or grant funds to:

(1) Procure or obtain;

(2) Extend or renew a contract to procure or obtain; or

(3) Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

(i) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou

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Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).

(ii) Telecommunications or video surveillance services provided by such entities or using such equipment.

(iii) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

(b) In implementing the prohibition under Public Law 115-232, section 889, subsection (f), paragraph (1), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained.

(c) See Public Law 115-232, section 889 for additional information.

(d) See also § 200.471.

*****§ 200.322 Domestic preferences for procurements.**

(a) As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

(b) For purposes of this section:

(1) “Produced in the United States” means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

(2) “Manufactured products” means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.